

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re Kestrel Technologies, Inc.

Debtor

Case No. 12-15052-jmp

Reporting Period: 7/1/13 to 7/31/13

Federal Tax I.D. # 13-4021817

CORPORATE MONTHLY OPERATING REPORT

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case.

(Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|--|--------------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR-1 | | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR-1 (CONT) | | |
| Copies of bank statements | | | |
| Cash disbursements journals | | | |
| Statement of Operations | MOR-2 | | |
| Balance Sheet | MOR-3 | | |
| Status of Post-petition Taxes | MOR-4 | | |
| Copies of IRS Form 6123 or payment receipt | | | |
| Copies of tax returns filed during reporting period | | | |
| Summary of Unpaid Post-petition Debts | MOR-4 | | |
| Listing of Aged Accounts Payable | | | |
| Accounts Receivable Reconciliation and Aging | MOR-5 | | |
| Taxes Reconciliation and Aging | MOR-5 | | |
| Payments to Insiders and Professional | MOR-6 | | |
| Post Petition Status of Secured Notes, Leases Payable | MOR-6 | | |
| Debtor Questionnaire | MOR-7 | | |

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Authorized Individual*

E. L. Bishop III

Date 20 AUG '13

Printed Name of Authorized Individual

E. L. BISHOP III

Date

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

In re Kestrel Technologies, Inc.

Case No. 12-15052-jmp

Debtor

Reporting Period: 7/1/13 to 7/31/13

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be from the debtor's books and not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

| BANK ACCOUNTS | | | | | | |
|--|----------------------------|----------------------------|------|----------------------------|-----------------------------|--|
| BANK ACCOUNTS | BANK OF AMERICA (Checking) | WELLS FARGO (DIP Checking) | TAX | OTHER (B of A) (Money Mkt) | WELLS FARGO (DIP Money Mkt) | CURRENT MONTH ACTUAL (TOTAL OF ALL ACCOUNTS) |
| CASH BEGINNING OF MONTH | \$ - | \$ 2,328.62 | | \$ - | \$ 49,981.78 | \$ 52,310.40 |
| RECEIPTS | | | | | | |
| CASH SALES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ACCOUNTS RECEIVABLE - PREPETITION | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ACCOUNTS RECEIVABLE - POSTPETITION | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| LOANS AND ADVANCES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SALE OF ASSETS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER (Interest) | \$ - | \$ - | \$ - | \$ - | \$ 3.87 | \$ 3.87 |
| OTHER (DIP Loan) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER (Misc Bank Credits) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TRANSFERS (FROM DIP ACCTS) | \$ - | \$ 7,000.00 | \$ - | \$ - | \$ - | \$ 7,000.00 |
| TOTAL RECEIPTS | \$ - | \$ 7,000.00 | \$ - | \$ - | \$ 3.87 | \$ 7,003.87 |
| DISBURSEMENTS | | | | | | |
| NET PAYROLL | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| PAYROLL TAXES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SALES, USE, & OTHER TAXES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| INVENTORY PURCHASES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SECURED/ RENTAL/ LEASES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| INSURANCE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ADMINISTRATIVE | \$ - | \$ 2,000.00 | \$ - | \$ - | \$ - | \$ 2,000.00 |
| TRAVEL & LODGING | \$ - | \$ 4,000.00 | \$ - | \$ - | \$ - | \$ 4,000.00 |
| ACCOUNTING | \$ - | \$ 1,000.00 | \$ - | \$ - | \$ - | \$ 1,000.00 |
| OFFICE and ADMINISTRATION | \$ - | \$ 337.84 | \$ - | \$ - | \$ - | \$ 337.84 |
| SELLING (Wall St. Journal Ad) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER (Office Rent) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER (Server Hosting) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER (Storage Unit) | \$ - | \$ 697.00 | \$ - | \$ - | \$ - | \$ 697.00 |
| OTHER (Equipment Lease) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER (Bank Fees / Credits) | \$ - | \$ 60.00 | \$ - | \$ - | \$ - | \$ 60.00 |
| OWNER DRAW * | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TRANSFERS (TO DIP ACCTS) | \$ - | \$ - | \$ - | \$ - | \$ 7,000.00 | \$ 7,000.00 |
| TRANSFERS (TO OTHER ACCTS) | \$ - | \$ 325.00 | \$ - | \$ - | \$ - | \$ 325.00 |
| PROFESSIONAL FEES (IT Support) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| INTERNAL REVENUE SERVICE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| U.S. TRUSTEE QUARTERLY FEES | \$ - | \$ 650.00 | \$ - | \$ - | \$ - | \$ 650.00 |
| COURT COSTS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL DISBURSEMENTS | \$ - | \$ 9,069.84 | \$ - | \$ - | \$ 7,000.00 | \$ 16,069.84 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | \$ - | \$ (2,069.84) | \$ - | \$ - | \$ (6,996.13) | \$ (9,065.97) |
| CASH - END OF MONTH | \$ - | \$ 258.78 | \$ - | \$ - | \$ 42,985.65 | \$ 43,244.43 |

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

| TOTAL DISBURSEMENTS | |
|--|-------------|
| LESS: TRANSFERS TO OTHER DEBTOR IN POSSESSION ACCOUNTS | \$ - |
| PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts) | \$ - |
| TOTAL DISBURSEMENTS FOR CALCULATING U.S. | \$ - |

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BANK RECONCILIATIONS

Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.
(Bank account numbers may be redacted to last four numbers.)

| | Operating | Payroll | Tax | Other (MM) |
|--|-----------|---------|------|--------------|
| BALANCE PER BOOKS | \$ 258.78 | \$ - | \$ - | \$ 42,985.65 |
| BANK BALANCE | \$ 258.78 | \$ - | | \$ 42,985.65 |
| (+) DEPOSITS IN TRANSIT (ATTACH LIST) | \$ - | \$ - | \$ - | \$ - |
| (-) OUTSTANDING CHECKS (ATTACH LIST) : | \$ - | \$ - | \$ - | \$ - |
| OTHER (ATTACH EXPLANATION) | \$ - | \$ - | \$ - | \$ - |
| ADJUSTED BANK BALANCE * | \$ 258.78 | \$ - | \$ - | \$ 42,985.65 |

**Adjusted Bank Balance" must equal "Balance per Books"

| DEPOSITS IN TRANSIT | Date | Amount | Date | Amount |
|---------------------|-------|--------|-------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| CHECKS OUTSTANDING | Ck. # | Amount | Ck. # | Amount |
| | | | | |
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| | | | | |
| OTHER | Date | Amount | Date | Amount |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

In re Kestrel Technologies, Inc.

Debtor

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Reporting Period: 7/1/13 to 7/31/13

STATEMENT OF OPERATIONS (Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

| REVENUES | MONTH | PRIOR MONTH END | CUMULATIVE - FILING TO DATE |
|--|----------------|-------------------|--------------------------------|
| Gross Revenues | \$ - | \$ - | \$ - |
| Less: Returns and Allowances | \$ - | \$ - | \$ - |
| Net Revenue | \$ - | \$ - | \$ - |
| COST OF GOODS SOLD | | | |
| Beginning Inventory | \$ - | \$ - | \$ - |
| Add: Purchases | \$ - | \$ - | \$ - |
| Add: Cost of Labor | \$ - | \$ - | \$ - |
| Add: Other Costs (attach schedule) | \$ - | \$ - | \$ - |
| Less: Ending Inventory | \$ - | \$ - | \$ - |
| Cost of Goods Sold | \$ - | \$ - | \$ - |
| Gross Profit | \$ - | \$ - | \$ - |
| OPERATING EXPENSES | | | |
| Auto and Truck Expense | \$ - | \$ - | \$ - |
| Bad Debts | \$ - | \$ - | \$ - |
| Contributions | \$ - | \$ - | \$ - |
| Employee Benefits Programs | \$ - | \$ - | \$ - |
| Officer/Insider Compensation* | \$ (2,000.00) | \$ (45,000.00) | \$ (47,000.00) |
| Insurance | \$ - | \$ - | \$ - |
| Management Fees/Bonuses | \$ - | \$ - | \$ - |
| Office Expense | \$ (337.84) | \$ (635.00) | \$ (972.84) |
| Management Fees/Bonuses | \$ - | \$ - | \$ - |
| Accounting Fees | \$ (1,000.00) | \$ (16,000.00) | \$ (17,000.00) |
| Advertizing | \$ - | \$ (3,456.19) | \$ (3,456.19) |
| Miscellaneous (Net Bank Fees) | \$ (60.00) | \$ (652.00) | \$ (712.00) |
| Repairs and Maintenance | \$ - | \$ - | \$ - |
| Rent and Lease Expense | \$ (162.22) | \$ (4,873.00) | \$ (5,035.22) |
| Salaries/Commissions/Fees | \$ - | \$ - | \$ - |
| Supplies | \$ - | \$ - | \$ - |
| Taxes - Payroll | \$ - | \$ - | \$ - |
| Taxes - Other | \$ - | \$ (20,000.00) | \$ (20,000.00) |
| Travel and Lodging | \$ - | \$ (4,093.50) | \$ (4,093.50) |
| Miscellandour and Administrative | \$ (4,000.00) | \$ (3,192.00) | \$ (7,192.00) |
| Other (Storage Units) | \$ (697.00) | \$ (3,035.00) | \$ (3,732.00) |
| Other (Equipment Lease) | \$ (4,167.66) | \$ (25,000.00) | \$ (29,167.66) |
| Other (IT Support) | \$ - | \$ (7,000.00) | \$ (7,000.00) |
| Other (Server Hosting) | \$ (4,465.00) | \$ (25,665.00) | \$ (30,130.00) |
| Total Operating Expenses Before Depreciation | \$ (16,889.72) | \$ (158,601.69) | \$ (175,491.41) |
| Depreciation/Depletion/Amortization | \$ - | \$ (48,724.00) | \$ (48,724.00) |
| Net Profit (Loss) Before Other Income & Expenses | \$ (16,889.72) | \$ (207,325.69) | \$ (224,215.41) |
| OTHER INCOME AND EXPENSES | | | |
| Other Income (Note Interest) | \$ - | \$ - | \$ - |
| Other Income (Bank Interest) | \$ 3.87 | \$ 3.95 | \$ 7.82 |
| Other Income (Bank Credit) | \$ - | \$ 140.45 | \$ 140.45 |
| Interest Expwne (Misc Notes) | \$ - | \$ (3.35) | \$ (3.35) |
| Interest Expense DIP Loan | \$ - | \$ (9,329.76) | \$ (9,329.76) |
| Interest Expense Secured Debt | \$ - | \$ (62,453.50) | \$ (62,453.50) |
| Interest Expense Unsecured Debt | \$ - | \$ (1,285,140.24) | \$ (1,285,140.24) |
| Other Expense (attach schedule) | \$ - | \$ 1.37 | \$ 1.37 |
| Net Profit (Loss) Before Reorganization Items | \$ (16,885.85) | \$ (1,564,106.77) | \$ (1,580,992.62) |

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| REORGANIZATION ITEMS | | | |
|---|----------------|-------------------|-------------------|
| Professional Fees Earned and Unpaid | \$ - | \$ (490,341.00) | \$ (490,341.00) |
| U. S. Trustee Quarterly Fees | \$ - | \$ (1,625.00) | \$ (1,625.00) |
| Interest Earned on Accumulated Cash from Chapter 11 | \$ - | \$ - | \$ - |
| Gain (Loss) from Sale of Assets (see Note ** below) | \$ - | \$ 964,035.80 | \$ 964,035.80 |
| Other Reorganization Expenses (attach schedule) | \$ - | \$ (40,000.00) | \$ (40,000.00) |
| Total Reorganization Expenses | \$ - | \$ 432,069.80 | \$ 432,069.80 |
| Income Taxes | \$ - | \$ - | \$ - |
| Net Profit (Loss) | \$ (16,885.85) | \$ (1,132,036.97) | \$ (1,148,922.82) |

**"Insider" is defined in 11 U.S.C. Section 101(31).

** NOTE: For purposes of this Operating Report only, all sale proceeds were allocated to Kestrel Technologies and no proceeds were allocated to Kestrel Solutions.

| BREAKDOWN OF "OTHER" CATEGORY | | | |
|-------------------------------|------|-----------|-----------|
| OTHER COSTS | | | |
| Miscellaneous AP Adjustment | \$ - | \$ (1.00) | \$ (1.00) |
| | | | |
| | | | |
| | \$ - | \$ (1.00) | \$ (1.00) |
| OTHER OPERATIONAL EXPENSES | | | |
| | \$ - | \$ - | \$ - |
| | | | |
| | | | |
| OTHER INCOME | | | |
| | \$ - | \$ - | \$ - |
| | | | |
| OTHER EXPENSES | | | |
| | \$ - | \$ - | \$ - |
| | | | |
| OTHER REORGANIZATION EXPENSES | | | |
| DIP Lender Legal Counsel | \$ - | \$ 40,000 | \$ 40,000 |
| | | | |
| | | | |

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

In re Kestrel Technologies, Inc.
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Case No.
Reporting Period:

12-15052-jmp
7/1/13 to 76/31/13

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

| ASSETS | CURRENT MONTH CHANGE | BOOK VALUE AT END OF CURRENT REPORTING MONTH | BOOK VALUE AT END OF PRIOR REPORTING MONTH | BOOK VALUE ON PETITION DATE OR SCHEDULED |
|---|-------------------------|--|--|--|
| CURRENT ASSETS | | | | |
| Unrestricted Cash and Equivalents | \$ (9,065.97) | \$ 43,244.43 | \$ 52,310.40 | \$ (140.45) |
| Restricted Cash and Cash Equivalents (see cont. sheet) | \$ - | \$ - | \$ - | \$ - |
| Accounts Receivable (Net) | \$ - | \$ - | \$ - | \$ - |
| Notes Receivable | \$ 325.00 | \$ 638,462.00 | \$ 638,137.00 | \$ 637,887.00 |
| Inventories | \$ - | \$ - | \$ - | \$ - |
| Prepaid Expenses (Office) | \$ (162.22) | \$ 811.12 | \$ 973.34 | \$ - |
| Prepaid Expenses (Storage) | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous (Security Deposit) | \$ - | \$ 298.00 | \$ 298.00 | \$ - |
| Professional Retainers | \$ - | \$ - | \$ - | \$ - |
| Other Current Assets (attach schedule) | \$ - | \$ - | \$ - | \$ - |
| TOTAL CURRENT ASSETS | \$ (8,903.19) | \$ 682,815.55 | \$ 691,718.74 | \$ 637,746.55 |
| PROPERTY & EQUIPMENT | | | | |
| Real Property and Improvements | \$ - | \$ - | \$ - | \$ - |
| Machinery and Equipment (Software Assets - Net) | \$ - | \$ - | \$ - | \$ 584,688.00 |
| Leasehold Improvements | \$ - | \$ - | \$ - | \$ - |
| Less: Accumulated Depreciation | \$ - | \$ - | \$ - | \$ - |
| TOTAL PROPERTY & EQUIPMENT | \$ - | \$ - | \$ - | \$ 584,688.00 |
| OTHER ASSETS | | | | |
| Amounts due from Insiders* | \$ - | \$ - | \$ - | \$ - |
| Other Assets (Hodgson Russ Escrow Account) | \$ - | \$ 1,245,670.25 | \$ 1,245,670.25 | \$ - |
| TOTAL OTHER ASSETS | \$ - | \$ 1,245,670.25 | \$ 1,245,670.25 | \$ - |
| TOTAL ASSETS | \$ (8,903.19) | \$ 1,928,485.80 | \$ 1,937,388.99 | \$ 1,222,434.55 |
| LIABILITIES AND OWNER EQUITY | CURRENT MONTH CHANGE | BOOK VALUE AT END OF CURRENT REPORTING MONTH | BOOK VALUE AT END OF PRIOR REPORTING MONTH | BOOK VALUE ON PETITION DATE OR SCHEDULED |
| LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition) | | | | |
| Accounts Payable | \$ 8,632.66 | \$ 17,036.66 | \$ 8,404.00 | \$ - |
| Taxes Payable (refer to FORM MOR-4) | \$ - | \$ - | \$ - | \$ - |
| Wages Payable | \$ - | \$ - | \$ - | \$ - |
| Notes Payable (to KSL) | \$ - | \$ - | \$ - | \$ - |
| Notes Payable (to KSL) Interest Payable | \$ - | \$ 3.03 | \$ 3.03 | \$ - |
| Rent / Leases - Building/Equipment | \$ - | \$ - | \$ - | \$ - |
| Secured Debt (DIP) | \$ - | \$ - | \$ - | \$ - |
| Secured Debt (DIP) Interest Payable | \$ - | \$ - | \$ - | \$ - |
| Professional Fees Payable | \$ - | \$ 490,341.00 | \$ 490,341.00 | \$ - |
| Accounting Fees | \$ - | \$ - | \$ - | \$ - |
| U.S. Trustees' Fee | \$ (650.00) | \$ - | \$ 650.00 | \$ - |
| Amounts Due to Insiders* | \$ - | \$ - | \$ - | \$ - |
| Other Post-petition Liabilities (attach schedule) | \$ - | \$ - | \$ - | \$ - |
| TOTAL POST-PETITION LIABILITIES | \$ 7,982.66 | \$ 507,380.69 | \$ 499,398.03 | \$ - |
| LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition) | | | | |
| Secured Debt | \$ - | \$ 1,225,023.00 | \$ 1,225,023.00 | \$ 1,225,023.00 |
| Secured Debt (DIP Loan) | \$ - | \$ - | \$ - | \$ - |
| Secured Debt Interest Payable | \$ - | \$ 62,453.83 | \$ 62,453.83 | \$ - |
| Unsecured Debt | \$ - | \$ 25,207,950.00 | \$ 25,207,950.00 | \$ 25,207,950.00 |
| Unsecured Debt Interest Payable | \$ - | \$ 1,285,139.88 | \$ 1,285,139.88 | \$ - |
| Pre-Petition Accounts Payable | \$ - | \$ 3,163,265.00 | \$ 3,163,265.00 | \$ 3,163,265.00 |
| Pre-Petition Wages Payable | \$ - | \$ 4,685,532.00 | \$ 4,685,532.00 | \$ 4,685,532.00 |
| TOTAL PRE-PETITION LIABILITIES | \$ - | \$ 35,629,363.71 | \$ 35,629,363.71 | \$ 34,281,770.00 |
| TOTAL LIABILITIES | \$ 7,982.66 | \$ 36,136,744.40 | \$ 36,128,761.74 | \$ 34,281,770.00 |
| OWNERS' EQUITY | | | | |
| Capital Stock | \$ - | \$ - | \$ - | \$ - |
| Owner's Equity Account | \$ - | \$ - | \$ - | \$ - |
| Retained Earnings - Pre-Petition | \$ - | \$ (33,059,336.00) | \$ (33,059,336.00) | \$ (33,059,335.00) |
| Retained Earnings - Post-petition | \$ (16,885.85) | \$ (1,148,922.82) | \$ (1,132,036.97) | \$ - |
| Adjustments to Owner Equity (Depreciation) | \$ - | \$ - | \$ - | \$ - |
| Post-petition Contributions (attach schedule) | \$ - | \$ - | \$ - | \$ - |
| NET OWNERS' EQUITY | \$ (16,885.85) | \$ (34,208,258.82) | \$ (34,191,372.97) | \$ (33,059,335.00) |
| TOTAL LIABILITIES AND OWNERS' EQUITY | \$ (8,903.19) | \$ 1,928,485.58 | \$ 1,937,388.77 | \$ 1,222,435.00 |

*"Insider" is defined in 11 U.S.C. Section 101(31).

Platinum Business Services Package

Account number: ██████████0945 ■ July 1, 2013 - July 31, 2013 ■ Page 1 of 3

WELLS
FARGO

KESTREL TECHNOLOGIES, INC
DEBTOR IN POSSESSION
CH11 CASE 12-15052 (SNY)
369 LEXINGTON AVE
SUITE 321
NEW YORK NY 10017-6506

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (348)

P.O. Box 6995

Portland, OR 97228-6995

Your Business and Wells Fargo

The Wells Fargo Business Insight Resource Center offers free access to business information and advice through videos, articles, podcasts and other resources.

This site offers objective information from industry experts and best practices from real business owners. Topics include cash flow management, how to build and apply for credit, commercial real estate financing, marketing, and more. Visit the site at wellsfargobusinessinsights.com.

Account options

A check mark in the box indicates you have these convenient services with your account. Go to wellsfargo.com/biz or call the number above if you have questions or if you would like to add new services.

Business Online Banking



Online Statements



Business Bill Pay



Business Spending Report



Overdraft Protection



Activity summary

| | |
|-------------------------------|-----------------|
| Beginning balance on 7/1 | \$5,784.80 |
| Deposits/Credits | 7,000.00 |
| Withdrawals/Debits | - 12,526.02 |
| Ending balance on 7/31 | \$258.78 |

Average ledger balance this period \$990.60

Account number: ██████████0945

KESTREL TECHNOLOGIES, INC

DEBTOR IN POSSESSION

CH11 CASE 12-15052 (SNY)

New York account terms and conditions apply

For Direct Deposit and Automatic Payments use

Routing Number (RTN): 026012881

For Wire Transfers use

Routing Number (RTN): 121000248

Overdraft Protection

Your account is linked to the following for Overdraft Protection:

- Savings - 000003267265415

Account number: ████████0945 ■ July 1, 2013 - July 31, 2013 ■ Page 2 of 3



Interest summary

| | |
|---------------------------------------|----------|
| Interest paid this statement | \$0.00 |
| Average collected balance | \$990.60 |
| Annual percentage yield earned | 0.00% |
| Interest earned this statement period | \$0.00 |
| Interest paid this year | \$2.16 |

Transaction history

| Date | Check Number | Description | Deposits/ Credits | Withdrawals/ Debits | Ending daily balance |
|-------------------------------|-----------------|--|----------------------|------------------------|-------------------------|
| 7/1 | 1021 | Check | | 2,000.00 | 3,784.80 |
| 7/2 | 1020 | Check | | 3,456.18 | 328.62 |
| 7/3 | | Check Crd Purchase 07/02 Office Express Mount Pleasan SC 474165xxxxx6366 083183694990007 ?McC=7338 | | 88.80 | 239.82 |
| 7/8 | | Online Transfer From Kestrel Technologies, Business High Yield Savings xxxxxx5415 Ref #Ibexm768Yx on 07/08/13 | 4,000.00 | | |
| 7/8 | | Wire Trans Svc Charge - Sequence: 130708022018 Srf# Trn#130708022018 Rfb# | | 30.00 | |
| 7/8 | | WT Fed#03788 Td Bank, NA /Ftr/Bnf=Danny Lam Srf# Trn#130708022018 Rfb# | | 1,000.00 | 3,209.82 |
| 7/9 | | Check Crd Purchase 07/08 Manmini 418 New York NY 474165xxxxx6366 583189578544832 ?McC=4214 | | 697.00 | |
| 7/9 | | Check Crd Purchase 07/09 Vzwriss*Ivr Vn 800-922-0204 NJ 474165xxxxx6366 163189417328739 ?McC=4814 | | 228.50 | 2,284.32 |
| 7/11 | 1022 | Check | | 2,000.00 | 284.32 |
| 7/17 | | POS Purchase - 07/17 Mach ID 000000 Staples Inc Mount Pleasant 6366 00383198627624282 ?McC=5943 | | 20.54 | 263.78 |
| 7/19 | | Online Transfer From Kestrel Technologies, Business High Yield Savings xxxxxx5415 Ref #Ibe5Fw6Tz3 on 07/19/13 | 3,000.00 | | 3,263.78 |
| 7/23 | | Wire Trans Svc Charge - Sequence: 130723035123 Srf# Trn#130723035123 Rfb# | | 30.00 | |
| 7/23 | | WT Fed#00369 Bank of America, N /Ftr/Bnf=Bishop Edward Srf# Trn#130723035123 Rfb# | | 2,000.00 | |
| 7/23 | 1023 | Check | | 975.00 | 258.78 |
| Ending balance on 7/31 | | | | | 258.78 |
| Totals | | | \$7,000.00 | \$12,526.02 | |

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

Summary of checks written (checks listed are also displayed in the preceding Transaction history)

| Number | Date | Amount | Number | Date | Amount | Number | Date | Amount |
|--------|------|----------|--------|------|----------|--------|------|--------|
| 1020 | 7/2 | 3,456.18 | 1022 | 7/11 | 2,000.00 | 1023 | 7/23 | 975.00 |
| 1021 | 7/1 | 2,000.00 | | | | | | |

Account transaction fees summary

| Service charge description | Units used | Units included | Excess units | Service charge per excess units (\$) | Total service charge (\$) |
|------------------------------|------------|-------------------|-----------------|---|------------------------------|
| Transactions | 4 | 400 | 0 | 0.50 | 0.00 |
| Total service charges | | | | | \$0.00 |

WELLS
FARGO

■ **Notice:** Wells Fargo Bank, N.A. may furnish information about accounts belonging to individuals, including sole proprietorships, to consumer reporting agencies. If this applies to you, you have the right to dispute the accuracy of information that we have reported by writing to us at: Overdraft Collections and Recovery, P.O. Box 5058, Portland, OR 97208-5058.

Total amount \$

Business High Yield Savings

Account number: [REDACTED] 5415 ■ July 1, 2013 - July 31, 2013 ■ Page 1 of 3

WELLS
FARGO

KESTREL TECHNOLOGIES, INC
DEBTOR IN POSSESSION
CH11 CASE 12-15052 (SNY)
369 LEXINGTON AVE
SUITE 321
NEW YORK NY 10017-6506

Questions?

Available by phone 24 hours a day, 7 days a week:

1-800-CALL-WELLS (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: wellsfargo.com/biz

Write: Wells Fargo Bank, N.A. (348)

P.O. Box 6995

Portland, OR 97228-6995

Your Business and Wells Fargo

The Wells Fargo Business Insight Resource Center offers free access to business information and advice through videos, articles, podcasts and other resources. This site offers objective information from industry experts and best practices from real business owners. Topics include cash flow management, how to build and apply for credit, commercial real estate financing, marketing, and more. Visit the site at wellsfargobusinessinsights.com.

Activity summary

| | |
|--|--------------------|
| Beginning balance on 7/1 | \$49,981.78 |
| Deposits/Credits | 3.87 |
| Withdrawals/Debits | - 7,000.00 |
| Ending balance on 7/31 | \$42,985.65 |
| Average ledger balance this period | \$45,626.94 |

Interest summary

| | |
|---------------------------------------|-------------|
| Interest paid this statement | \$3.87 |
| Average collected balance | \$45,626.94 |
| Annual percentage yield earned | 0.10% |
| Interest earned this statement period | \$3.87 |
| Interest paid this year | \$5.86 |

Account number: [REDACTED] 5415

KESTREL TECHNOLOGIES, INC
DEBTOR IN POSSESSION
CH11 CASE 12-15052 (SNY)

New York account terms and conditions apply

For Direct Deposit and Automatic Payments use

Routing Number (RTN): 026012881

For Wire Transfers use

Routing Number (RTN): 121000248

Account number: ██████████5415 ■ July 1, 2013 - July 31, 2013 ■ Page 2 of 3



Transaction history

| Date | Description | Deposits/ Credits | Withdrawals/ Debits | Ending daily balance |
|-------------------------------|--|----------------------|------------------------|-------------------------|
| 7/8 | * Online Transfer to Kestrel Technologies, IN Business Checking xxxxxx0945 Ref #lhexm768Yx on 07/08/13 | | 4,000.00 | 45,981.78 |
| 7/19 | * Online Transfer to Kestrel Technologies, IN Business Checking xxxxxx0945 Ref #lbe5Fw6Tz3 on 07/19/13 | | 3,000.00 | 42,981.78 |
| 7/31 | Interest Payment | 3.87 | | 42,985.65 |
| Ending balance on 7/31 | | | | 42,985.65 |
| Totals | | \$3.87 | \$7,000.00 | |

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

* Indicates transactions that count toward Federal Reserve Board Regulation D limits. Please refer to your Account Agreement for complete details of the federally-mandated transaction limits for savings accounts.

Monthly service fee summary

For a complete list of fees and detailed account information, please see the Wells Fargo Fee and Information Schedule and Account Agreement applicable to your account or talk to a banker. Go to wellsfargo.com/feefaq to find answers to common questions about the monthly service fee on your account.

Fee period 07/01/2013 - 07/31/2013 Standard monthly service fee \$20.00 You paid \$0.00

How to avoid the monthly service fee

Have any **ONE** of the following account requirements

- Minimum daily balance
- Average collected balance

Minimum required

\$25,000.00
\$50,000.00

This fee period

\$42,981.78 ☒
\$45,627.00 ☐

YPI/YP



General statement policies for Wells Fargo Bank

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You must describe the specific information that is inaccurate or in dispute and the basis for any dispute with supporting documentation. In the case of information that relates to an identity theft, you will need to provide us with an identity theft report.

Account Balance Calculation Worksheet

1. Use the following worksheet to calculate your overall account balance.
2. Go through your register and mark each check, withdrawal, ATM transaction, payment, deposit or other credit listed on your statement. Be sure that your register shows any interest paid into your account and any service charges, automatic payments or ATM transactions withdrawn from your account during this statement period.
3. Use the chart to the right to list any deposits, transfers to your account, outstanding checks, ATM withdrawals, ATM payments or any other withdrawals (including any from previous months) which are listed in your register but not shown on your statement.

ENTER

A. The ending balance
shown on your statement \$ _____

ADD

| | |
|---|------------|
| B. Any deposits listed in your register or transfers into your account which are not shown on your statement. | \$ _____ |
| | \$ _____ |
| | \$ _____ |
| | + \$ _____ |
| TOTAL | \$ _____ |

CALCULATE THE SUBTOTAL

(Add Parts A and B)

..... TOTAL \$ _____

SUBTRACT

C. The total outstanding checks and withdrawals from the chart above - \$ _____

CALCULATE THE ENDING BALANCE

(Part A + Part B - Part C)

This amount should be the same
as the current balance shown in
your check register

[illegible]